

CITY OF GREENFIELD, IOWA
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITORS' REPORTS
FOR THE YEAR ENDED JUNE 30, 2011

CITY OF GREENFIELD, IOWA

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CITY OF GREENFIELD, IOWA

**OFFICIALS AND BOND COVERAGE
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

Name	Title	Term Expires	Bond Coverage
Randy Standley	Mayor	12/31/2011	\$ 10,000
Kevin Hall	Council Member	12/31/2013	10,000
Debra Houghtaling	Council Member	12/31/2013	10,000
Ron Smith	Council Member	12/31/2013	10,000
Lynn Harris	Council Member	12/31/2011	10,000
Carol Woosley	Council Member	12/31/2011	10,000
Phil Cannon	Utility Trustee	12/31/2016	10,000
Richard Kohler	Utility Trustee	12/31/2014	10,000
Lynne Don Carlos	Utility Trustee	12/31/2012	10,000
Dick Kuhl	Library Trustee	7/1/2014	10,000
Linda Kintigh	Library Trustee	7/1/2014	10,000
Larry Means	Library Trustee	7/1/2014	10,000
Roleen Chiles	Library Trustee	7/1/2013	10,000
Rana Glade	Library Trustee	7/1/2013	10,000
Marilyn Nickel	Library Trustee	7/1/2013	10,000
George Pierce	Library Trustee	7/1/2013	10,000
Rebecca Haase	City Clerk/Treasurer	Indefinite	40,000
Twyla Faust	City Deputy Clerk	Indefinite	40,000
Duane Armstead	Utility General Manager	Indefinite	40,000
Lorraine Schneider	Co-Head Librarian	Indefinite	10,000
Lynn Heinbuch	Co-Head Librarian	Indefinite	10,000

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INDEPENDENT AUDITORS' REPORT

City of Greenfield
Greenfield, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Greenfield's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield, Iowa, as of June 30, 2011, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2011, on our consideration of the City of Greenfield's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison information on pages 21 and 22 be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the budget information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this mission information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greenfield's financial statements as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2010, which are not presented herein, and expressed unqualified opinions on those financial statements which were prepared in conformity with the basis of accounting described in Note 1. Other supplemental information on pages 23 through 28 is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

O'DONNELL, FICENEC, WILLS & FERDIG, LLP

November 2, 2011

By  _____
Certified Public Accountant

CITY OF GREENFIELD, IOWA

FINANCIAL STATEMENTS

CITY OF GREENFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

		Program Receipts			
	Program Disbursements	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
FUNCTIONS/PROGRAMS:					
Primary Government -					
Governmental Activities -					
Public Safety	\$ 179,193	\$ -	\$ 23,017	\$ -	\$ (156,176)
Public Works	840,145	44,161	189,843	-	(606,141)
Culture and Recreation	116,954	-	-	-	(116,954)
Community and Economic Development	157,314	31,843	-	-	(125,471)
General Government	310,533	9,322	-	-	(301,211)
Debt Service	320,358	-	-	-	(320,358)
Total Governmental Activities	1,924,497	85,326	212,860	-	(1,626,311)
Business Type Activities - Sewer	116,606	209,192	-	-	92,586
Total of Primary Government	<u>\$ 2,041,103</u>	<u>\$ 294,518</u>	<u>\$ 212,860</u>	<u>\$ -</u>	<u>\$ (1,533,725)</u>
Components -					
Governmental Activities -					
Library	\$ 134,802	\$ 1,010	\$ 22,075	\$ -	\$ (111,717)
Business Type Activities -					
Water	810,312	530,465	-	-	(279,847)
Electric	6,302,190	3,673,321	-	-	(2,628,869)
Total of Components	<u>\$ 7,247,304</u>	<u>\$ 4,204,796</u>	<u>\$ 22,075</u>	<u>\$ -</u>	<u>\$ (3,020,433)</u>

(Continued)

See Notes to Financial Statements.

CITY OF GREENFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

	Primary Government			Total of Components
	Governmental Activities	Business Type Activities	Total Primary Government	
CHANGES IN NET ASSETS:				
Net (Expense) Revenue (Continued from Previous Page)	\$ (1,626,311)	\$ 92,586	\$ (1,533,725)	\$ (3,020,433)
General Receipts -				
Property Taxes Levied for -				
General Purposes	378,300	-	378,300	-
Employee Benefits	187,370	-	187,370	-
Tax Increment Financing	307,022	-	307,022	-
Debt Service	-	-	-	-
Local Option Sales and Other City Tax	191,693	-	191,693	-
Use of Money (Interest) and Property	32,779	12,758	45,537	26,049
Special Assessments	21,069	-	21,069	-
Miscellaneous	34,884	-	34,884	87,748
Remitted Sewer Fees - Net	-	-	-	4,215
Operating Transfers (To) From	(128,308)	-	(128,308)	128,308
Contributions-in-Aid-of Construction	-	-	-	116,379
Contribution - Water Utilities Debt	47,311	-	47,311	-
Proceeds of Debt	465,000	-	465,000	2,513,450
Electric Transfer to Revolving Loan Fund	-	-	-	(60,000)
Payment to City from Electric	110,000	-	110,000	(110,000)
Payment to City from Water	23,700	-	23,700	(23,700)
Total General Receipts and Transfers	<u>1,670,820</u>	<u>12,758</u>	<u>1,683,578</u>	<u>2,682,449</u>
Change in Cash Basis Net Assets	44,509	105,344	149,853	(337,984)
Cash Basis Net Assets - Beginning of Year	1,436,525	1,977,292	3,413,817	2,717,037
Cash Basis Net Assets - End of Year	<u>\$ 1,481,034</u>	<u>\$ 2,082,636</u>	<u>\$ 3,563,670</u>	<u>\$ 2,379,053</u>
CASH BASIS NET ASSETS:				
Restricted for -				
Road Use Tax Fund Activity	\$ 164,211	\$ -	\$ 164,211	\$ -
Employee Benefits Fund Activity	7,534	-	7,534	-
Local Option Tax Fund Activity	80,415	-	80,415	-
T I F Fund Activity	59,916	-	59,916	-
Debt Service Fund Activity	650,241	-	650,241	706,229
Unrestricted	518,717	2,082,636	2,601,353	1,672,824
Total Cash Basis Net Assets	<u>\$ 1,481,034</u>	<u>\$ 2,082,636</u>	<u>\$ 3,563,670</u>	<u>\$ 2,379,053</u>

See Notes to Financial Statements.

CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

	General	Special Revenue			
		Road Use Tax	Employee Benefit	Local Option Tax	TIF
RECEIPTS:					
Property/Other Allocated Taxes	\$ 378,300	\$ -	\$ 187,370	\$ -	\$ 307,022
Other City Taxes	3,754	-	1,861	186,078	-
Licenses and Permits	8,712	-	-	-	-
Use of Money (Interest) and Property	32,779	-	-	-	-
Intergovernmental	23,017	189,843	-	-	-
Charges for Services	76,614	-	-	-	-
Special Assessments	-	-	-	-	-
Donations	-	-	-	-	-
Miscellaneous	34,884	-	-	-	-
Total Receipts	558,060	189,843	189,231	186,078	307,022
DISBURSEMENTS:					
Operating -					
Public Safety	161,699	-	17,494	-	-
Public Works	138,014	165,903	7,171	-	-
Culture and Recreation	112,891	-	4,063	-	-
Community Economic Development	157,314	-	-	-	-
General Government	301,987	-	8,546	-	-
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	-
Total Disbursements	871,905	165,903	37,274	-	-
Excess (Deficiency) of Receipts over Disbursements	(313,845)	23,940	151,957	186,078	307,022
OTHER FINANCING SOURCES (USES):					
Payment from Electric to City	110,000	-	-	-	-
Payment from Water to City	23,700	-	-	-	-
Contribution - Water Utilities Debt	-	-	-	-	-
Proceeds of Debt	150,000	-	-	-	-
Transfers In	162,043	-	-	-	-
Transfers Out	(128,308)	(42,842)	(162,043)	(171,215)	(320,358)
Total Other Financing Sources (Uses)	317,435	(42,842)	(162,043)	(171,215)	(320,358)
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) over Disbursements	3,590	(18,902)	(10,086)	14,863	(13,336)
Cash Balances - Beginning of Year	515,127	183,113	17,620	65,552	73,252
Cash Balances - End of Year	\$ 518,717	\$ 164,211	\$ 7,534	\$ 80,415	\$ 59,916
CASH BASIS FUND BALANCES:					
Restricted	\$ -	\$ 164,211	\$ 7,534	\$ 80,415	\$ 59,916
Assigned	-	-	-	-	-
Unassigned	518,717	-	-	-	-
Total Cash Basis Fund Balances	\$ 518,717	\$ 164,211	\$ 7,534	\$ 80,415	\$ 59,916

(Continue Across)

See Notes to Financial Statements.

CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

	Debt Service	Capital Projects	Primary Government Total	Component Library	Governmental Funds Totals
RECEIPTS:					
Property/Other Allocated Taxes	\$ -	\$ -	\$ 872,692	\$ -	\$ 872,692
Other City Taxes	-	-	191,693	-	191,693
Licenses and Permits	-	-	8,712	-	8,712
Use of Money (Interest) and Property	-	-	32,779	1,024	33,803
Intergovernmental	-	-	212,860	9,370	222,230
Charges for Services	-	-	76,614	1,010	77,624
Special Assessments	21,069	-	21,069	-	21,069
Donations	-	-	-	12,705	12,705
Miscellaneous	-	-	34,884	84	34,968
Total Receipts	21,069	-	1,451,303	24,193	1,475,496
DISBURSEMENTS:					
Operating -					
Public Safety	-	-	179,193	-	179,193
Public Works	-	529,057	840,145	-	840,145
Culture and Recreation	-	-	116,954	134,802	251,756
Community Economic Development	-	-	157,314	-	157,314
General Government	-	-	310,533	-	310,533
Debt Service	320,358	-	320,358	-	320,358
Total Disbursements	320,358	529,057	1,924,497	134,802	2,059,299
Excess (Deficiency) of Receipts over Disbursements	(299,289)	(529,057)	(473,194)	(110,609)	(583,803)
OTHER FINANCING SOURCES (USES):					
Payment from Electric to City	-	-	110,000	-	110,000
Payment from Water to City	-	-	23,700	-	23,700
Contribution - Water Utilities Debt	47,311	-	47,311	-	47,311
Proceeds of Debt	-	315,000	465,000	-	465,000
Transfers In	320,358	214,057	696,458	128,308	824,766
Transfers Out	-	-	(824,766)	-	(824,766)
Total Other Financing Sources (Uses)	367,669	529,057	517,703	128,308	646,011
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) over Disbursements	68,380	-	44,509	17,699	62,208
Cash Balances - Beginning of Year	581,861	-	1,436,525	143,555	1,580,080
Cash Balances - End of Year	\$ 650,241	\$ -	\$ 1,481,034	\$ 161,254	\$ 1,642,288
CASH BASIS FUND BALANCES:					
Restricted	\$ 650,241	\$ -	\$ 962,317	\$ -	\$ 962,317
Assigned	-	-	-	161,254	161,254
Unassigned	-	-	518,717	-	518,717
Total Cash Basis Fund Balances	\$ 650,241	\$ -	\$ 1,481,034	\$ 161,254	\$ 1,642,288

See Notes to Financial Statements.

CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

	Primary Government Sewer	Components Water	Electric	Proprietary Funds Totals
RECEIPTS:				
Use of Money (Interest) and Property	\$ 12,758	\$ 143	\$ 24,882	\$ 37,783
Charges for Services	209,192	530,465	3,673,321	4,412,978
Miscellaneous	-	11,781	75,883	87,664
Total Receipts	221,950	542,389	3,774,086	4,538,425
DISBURSEMENTS:				
Business Type Activities	116,606	602,527	3,174,007	3,893,140
Debt Service	-	67,311	1,724,854	1,792,165
Capital Outlays	-	140,474	1,403,329	1,543,803
Total Disbursements	116,606	810,312	6,302,190	7,229,108
Excess (Deficiency) of Receipts				
Over Disbursements	105,344	(267,923)	(2,528,104)	(2,690,683)
OTHER FINANCING SOURCES (USES):				
Proceeds of Debt	-	-	2,513,450	2,513,450
Payments to City	-	(23,700)	(110,000)	(133,700)
Sewer Fees - Net Pay Out	-	-	4,215	4,215
USDA Grant Receipt	-	-	300,000	300,000
Loan to Warren Opera House Association	-	-	(360,000)	(360,000)
Contributions-in-Aid of Construction	-	116,379	-	116,379
Transfers In	-	234,423	260,000	494,423
Transfers Out	-	-	(494,423)	(494,423)
Total Other Financing Sources (Uses)	-	327,102	2,113,242	2,440,344
Excess (Deficiency) of Receipts and Other				
Financing Sources (Uses) Over Disbursements	105,344	59,179	(414,862)	(250,339)
Cash Balances - Beginning of Year (Deficit)	1,977,292	(9,392)	2,582,874	4,550,774
Cash Balances - End of Year	<u>\$ 2,082,636</u>	<u>\$ 49,787</u>	<u>\$ 2,168,012</u>	<u>\$ 4,300,435</u>
CASH BASIS FUND BALANCES:				
Reserved for Debt Service	\$ -	\$ -	\$ 706,229	\$ 706,229
Unreserved -				
Designated Diesel Replacement	-	-	150,000	150,000
Undesignated	2,082,636	49,787	1,311,783	3,444,206
Total Cash Basis Fund Balances	<u>\$ 2,082,636</u>	<u>\$ 49,787</u>	<u>\$ 2,168,012</u>	<u>\$ 4,300,435</u>

See Notes to Financial Statements.

CITY OF GREENFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *General -*

City of Greenfield (the City) is a political subdivision of the State of Iowa located in Adair County. The City operates under the mayor-council form of government with the mayor and council members elected on a nonpartisan basis. The City provides numerous services to its citizens including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. In addition, the City operates an airport and sewer system and, through its components, operates a water system, electric system and public library.

B. *Financial Reporting Entity -*

Criteria specified by the Governmental Accounting Standards Board have been applied in determining the scope of the reporting entity for financial reporting purposes. Specifically, those offices and activities over which the City Council exercises oversight responsibility are included in these financial statements. Manifestations of oversight responsibility over an entity include: (1) financial interdependency, (2) selection or appointment of governing authority, (3) designation of management, (4) ability to significantly influence operations, and (5) accountability for fiscal matters.

In accordance with these criteria, the City has considered all funds, organizations, account groups, agencies, boards, commissions and authorities as potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

For financial reporting purposes, the City of Greenfield (the primary government) has identified and included the following component units in the City's reporting entity:

Greenfield Public Library
Greenfield Municipal Utilities

Discretely Presented Component Units -

Greenfield Public Library (Library) is governed by a seven-person board, some appointed by the Mayor and approved by the City Council and some appointed by the County Board of Supervisors, but whose operating budget and funding is provided by the appointed City Council. The Library does not issue separate financial statements.

Greenfield Municipal Utilities (GMU) is governed by a three-person board of trustees appointed by the Mayor and approved by the City Council. GMU operates and manages water and electric utilities, which operating budgets are included in the City's overall budget. The water and electric financial statements included as part of the City's financial statements are presented on the cash basis of accounting. Financial statements, on the full accrual basis, for each utility are available separately.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jointly Governed Organizations -

The City also participates in several jointly-governed organizations that provide goods or services to residents of the City but that do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: SICOG Project Board, Adair County Sanitary Disposal Commission, SIRWA, E911 Service Board, and Greater Greenfield Community Foundation.

C. *Basis of Presentation -*

The accompanying financial statements are presented on the basis of cash receipts and disbursements which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The cash basis of accounting does not give effect to accounts receivable, accounts payable, depreciation and accrued items. Accordingly, these financial statements do not present the financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States applicable to government entities.

Government-wide Financial Statements -

The Statement of Activities and Net Assets display financial information about the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from the financial information. This financial statement distinguishes between governmental and business-type activities. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely primarily on fees and charges for services.

The Statement of Activities and Net Assets presents the reporting entity's net assets in the following categories/components:

1. **Expendable Restricted Net Assets:** Result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
2. **Unrestricted Net Assets:** Consist of net assets that do not meet the definition of restricted. Unrestricted net assets often have constraints (designations) on resources imposed by the City Council, which may be removed or modified at any time.

The Statement of Activities and Net Assets also demonstrates the degree to which the direct disbursements of a given program, or function, are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts are presented as three types:

1. **Charges for Services:** Consist of charges to customers or applicants, who purchase, use or directly benefit from goods, services or privileges provided by a given function.
2. **Operating Grants and Contributions:** Consists of non-exchange revenue and interest on investments used in meeting the operational expenses of a particular function.
3. **Capital Grants and Contributions:** Consists of non-exchange revenue and interest on investments used in meeting the capital requirements of a particular function.

Property tax and other items received, not properly included as program receipts, are reported as general receipts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Specific Program Receipts Included in General Descriptions Above -

In the Statement of Activities, cash basis revenues that are derived directly from each activity, or function, are reported as program revenue receipts. The City and Library governmental funds have the following program receipts in each activity:

Public Safety	Traffic fine receipts and intergovernmental fire reimbursements
Public Works	Road use taxes, aviation fuel sales, hanger rents
Culture and Recreation	Swimming pool and camping fees, other recreation fees
General Government	Licenses and permits, building expense reimbursements and miscellaneous user fees
Library	Late fees, copier fees and operational contributions of county and township funding

Program receipts for City proprietary funds and component proprietary funds are from user fees charged for the services provided to the users and all other related receipts not related to capital and noncapital financing or investing activities.

Funds Financial Statements -

The accounts of the City and its components are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its receipts, disbursements and cash and investment balances. The funds financial statements display information about the government by reporting major funds. Funds are reported as either governmental or proprietary type funds. The reporting entity has no fiduciary funds. A separate fund financial statement is presented for each fund type group.

Within the governmental and proprietary type categories, emphasis is placed on major funds. A fund is considered major if its total assets and expenditures meet criteria defined by GASB. Alternatively, management may determine that all funds should be reported as major funds. The City reports all funds as major funds and all City and component funds are reported as follows:

Governmental Fund Types -

City General Fund - This fund is the operating fund of the City. All property tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. Disbursements from this fund are for all operating costs, fixed charges and capital improvement costs that are not paid from other funds.

City Special Revenue Funds - These funds are used to account for the proceeds of specific receipt sources that are restricted by legislation to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

Road Use Tax Fund, accounts for gasoline excise taxes received and restricted for road and street construction and maintenance disbursements.

Employee Benefit Fund, accounts for a special property tax levy restricted to employer matching social security and Medicare taxes and employee group insurance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Local Option Sales Tax (LOST) Fund, accounts for receipts from the local option tax authorized and restricted by the voters for capital improvements and maintenance disbursements, as determined by the City Council.

Tax Increment Financing Fund, accounts for incremental property tax receipts associated with urban renewal districts restricted to improvements and debt service.

City Debt Service Fund - This fund is used to account for property tax receipts and other resources collected and disbursed for payment of interest and principal on the City's general long-term debt.

City Capital Projects Fund - This fund is used to account for all costs associated with significant construction or improvements projects and proceeds of related interim debt. During the current year, the airport apron improvements and the public square re-construction were accounted for in the capital projects fund.

Library Special Revenue Fund (Component Unit) - This fund is used to account for all general tax and other receipts specifically assigned to the Library. Disbursements from this fund are for all Library operating costs and fixed charges and capital improvement costs.

Proprietary Fund Types -

City Sewer Fund - This fund is used to account for all user charges and other receipts and all disbursements associated with operations and maintenance of the City's wastewater and sewer systems.

Water and Electric Funds (Component Unit) - GMU operates water and electric departments which funds are used to account for all user charges and other receipts and all disbursements associated with operations and maintenance of providing potable water and electric energy to the residents of the City.

D. **Measurement Focus and Basis of Accounting -**

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The City and its Library component maintain financial records on the basis of cash receipts and disbursements and the amounts displayed in these financial statements are presented on that basis. The GMU component unit maintains its water and electric records on the accrual basis, which are converted to cash receipts and disbursements for inclusion in the City reporting entity.

The City and Library are not required to and do not maintain a fixed asset or infrastructure accounting record. Greenfield Municipal Utilities, for the water and electric systems, does maintain fixed asset records which information is included in their separately issued accrual financial statements.

E. **Budgets and Budgetary Accounting -**

In accordance with the Code of Iowa, the City annually adopts a budget which includes the City's components. The budget is submitted following required public notice and hearing.

The budgetary comparison and related disclosures are reported in a separate Budget Information section.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. **Governmental Cash Basis Fund Balances -**

In June 2010, the Governmental Accounting Standards Board (GASB) approved Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. When a disbursement is made which could be from either restricted or unrestricted funds and both are available, the City considers restricted funds to be spent first. The City implemented the requirements of this statement in the accompanying financial statements and has displayed Cash Basis Net Assets for the first time as follows:

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the Council intends to use for specific purposes. No funds are identified as assigned for the current year.

Unassigned - All amounts not included in other spendable classifications.

There was no change in the beginning of year balances as a result of this accounting change.

NOTE 2 - DEPOSITS AND INVESTMENTS

The deposits of the reporting entity at June 30, 2011, were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

All members of the reporting entity are authorized by statute to invest public funds in obligations of the United States Government or any of its agencies and instrumentalities, in time deposits or savings accounts in depositories approved by the governing bodies and Treasurer of the State of Iowa, prime eligible banker's acceptances, certain high-rated commercial paper, perfected repurchase agreements, certain registered open-end management investment companies, certain joint investment trusts, and warrants or improvement certificates of drainage districts.

At June 30, 2011, all investments for the City and components were held as non-negotiable certificates of deposits except for a required separate debt reserve fund valued at \$253,794 invested by GMU in the Iowa Public Agency Investment Trust. The credit risk in this investment is unrated.

Interest rate risk - Funds may be invested in investments with maturities longer than 365 days, but maturities shall be consistent with the needs of the City or its components.

NOTE 3 - LOANS RECEIVABLE

GMU through its Electric System, as the recipient of a USDA Federal Revolving Loan Grant to make revolving loans for rural economic development, advanced \$360,000 to E. E. Warren Opera House Association for rehabilitation of the historical opera house in Greenfield, Iowa. This advance is repayable to GMU by monthly installments of \$3,333 beginning May 1, 2012. The advance, evidenced by a promissory note, is non-interest bearing and may be repaid in whole or in part at any time prior to maturity.

NOTE 3 - LOANS RECEIVABLE (Continued)

Annual amounts receivable in future years are as follows:

Year Ending June 30,	
2012	\$ 6,667
2013	40,000
2014	40,000
2015	40,000
2016 and After	233,333
Total	<u>\$ 360,000</u>

NOTE 4 - SPECIAL ASSESSMENTS

Amounts totaling \$306,308 were levied during 2006 and 2008 for infrastructure and improvements to the public square and are due in ten annual installments beginning July 1, 2006, for Phase 1 and July 1, 2008, for Phase 2. Installment payments bear interest at 5.85 percent per annum until delinquent and then at the same rate as delinquent local real estate taxes. As of June 30, 2011, the remaining principal balance due was \$73,001. During the current year, \$21,069 of collections was included as receipts in the debt service fund.

NOTE 5 - LONG-TERM DEBT

The City issued \$315,000 of general obligation debt on March 30, 2011 for street improvements. The bonds mature serially from December 1, 2011 through December 1, 2018 with interest at various rates from 1.10 to 2.75 percent per annum payable semiannually on June 1 and December 1. The notes are callable on June 1, 2016, at par plus accrued interest.

The City issued \$150,000 of urban renewal tax increment financing (TIF) revenue bonds on June 7, 2011 for the purpose of defraying a portion of the costs of construction and refurbishing projects within the urban renewal district. The bonds are payable solely from the TIF receipts generated by increased property values in the City's TIF district. TIF receipts are generally projected to produce 100 percent of the debt service requirements over the life of the bonds. The bonds mature serially from December 1, 2011 through December 1, 2027 with interest at 4.50 percent.

Governmental activities changes in long-term obligations for the year are as follows:

	Balances July 1, 2010	Additions	Reductions	Balances June 30, 2011	Amounts Due Within One Year
Public Square Improvement Bonds	\$ 2,185,000	\$ -	\$ 240,000	\$ 1,945,000	\$ 245,000
Street Improvement Bonds	-	315,000	-	315,000	35,000
Warren Cultural Center Debt	-	150,000	-	150,000	-
	<u>\$ 2,185,000</u>	<u>\$ 465,000</u>	<u>\$ 240,000</u>	<u>\$ 2,410,000</u>	<u>\$ 280,000</u>

NOTE 5 - LONG-TERM DEBT (Continued)

Business type activities changes in long-term obligations for the year are as follows:

	Balances July 1, 2010	Additions	Reductions	Balances June 30, 2011	Amounts Due Within One Year
CIPCO Water	\$ 80,000	\$ -	\$ 20,000	\$ 60,000	\$ 20,000
City of Greenfield Water	355,093	-	36,870	318,223	37,487
2001 Series Electric	1,235,000	-	1,235,000	-	-
2003 Series Electric	130,000	-	130,000	-	-
2006 Series Electric	990,000	-	85,000	905,000	80,000
2010A Series Electric	1,245,000	-	-	1,245,000	195,000
2010B Series Electric	-	2,560,000	-	2,560,000	-
SIMECA Lease Electric	810,000	-	100,000	710,000	105,000
	<u>\$ 4,845,093</u>	<u>\$ 2,560,000</u>	<u>\$ 1,606,870</u>	<u>\$ 5,798,223</u>	<u>\$ 437,487</u>

The City has an agreement with the Greenfield Municipal Utilities, Water System, to be reimbursed by them for costs related to the Water System's infrastructure included as part of the debt to finance the public square improvements.

A detail of long-term debt, segregated between amounts to be repaid from governmental activities resources and from business type activities (proprietary funds) resources at June 30, 2011, is as follows:

Governmental -

City General Obligation Debt -

Public Square Improvement Bonds bearing interest at 3.30 to 3.90 percent (TIF District Debt)	\$ 1,945,000
Street Improvement Bonds bearing interest at 1.10 to 2.75 percent	315,000
Warren Cultural Center Debt bearing interest at 4.50 percent (TIF District Debt)	150,000

Proprietary -

GMU General Obligation Debt -

Water Department Owed to CIPCO with no interest	60,000
Water Department owed to City bearing interest at 2.94 percent	318,223

GMU Revenue Obligation Debt -

2006 Series Electric Revenue Notes bearing interest at 4.00 to 4.60 percent	905,000
2010A Series Electric Refunding Notes bearing interest at 1.60 to 3.25 percent	1,245,000
2010B Series Electric Revenue Bonds bearing interest at 2.25 to 3.9 percent	2,560,000
SIMECA Capitalized Lease bearing interest at 4.60 to 5.30 percent	710,000

NOTE 5 - LONG-TERM DEBT (Continued)

Future total debt service requirements to maturities of principal and interest are as follows:

Governmental Activities -

Year Ending June 30,	City		Total Requirement
	General Obligation Principal	Interest	
2012	\$ 280,000	\$ 86,815	\$ 366,815
2013	297,000	76,716	373,716
2014	312,500	66,962	379,462
2015	322,900	56,245	379,145
2016	338,300	44,875	383,175
2017	348,600	32,641	381,241
2018	364,100	19,604	383,704
2019	54,500	5,809	60,309
2020	9,900	4,145	14,045
2021	10,500	3,699	14,199
2022	11,000	3,226	14,226
2023	11,500	2,732	14,232
2024	12,100	2,214	14,314
2025	12,800	1,670	14,470
2026	13,300	1,094	14,394
2027	11,000	495	11,495
	<u>\$ 2,410,000</u>	<u>\$ 408,942</u>	<u>\$ 2,818,942</u>

Proprietary Activities - (including capitalized lease obligation)

Year Ending June 30,	GMU Water		GMU Electric		Total Requirement
	General Obligation Principal	Interest	Revenue Obligations Principal	Interest	
2012	\$ 57,487	\$ 9,357	\$ 275,000	\$ 150,500	\$ 492,344
2013	58,800	8,255	280,000	143,720	490,775
2014	60,081	7,114	285,000	136,083	488,278
2015	41,327	5,936	300,000	127,445	474,708
2016	43,255	4,720	285,000	118,113	451,088
2017	44,376	3,448	295,000	108,212	451,036
2018	46,191	2,143	300,000	98,790	447,124
2019	26,706	785	255,000	90,588	373,079
2020	-	-	265,000	82,278	347,278
2021	-	-	275,000	73,204	348,204
2022	-	-	290,000	63,267	353,267
2023 and after	-	-	1,605,000	219,730	1,824,730
	<u>\$ 378,223</u>	<u>\$ 41,758</u>	<u>\$ 4,710,000</u>	<u>\$ 1,411,930</u>	<u>\$ 6,541,911</u>

NOTE 5 - LONG-TERM DEBT (Continued)

Resolutions providing for the issuance of the GMU revenue obligations include the following provisions:

- a. The bonds will only be redeemed from future earnings of the enterprise activity and the bondholders hold a lien on the future earnings.
- b. Sufficient cash transfers shall be made to an electric revenue bond and interest account for the purpose of making the next annual principal and interest payments when due. This account was fully funded at June 30, 2011.
- c. Additional cash transfers shall be made to an electric revenue bond reserve account until such account reaches a maximum balance of \$427,832. This amount is restricted for paying principal and interest which the bond and interest account may be unable to pay. This account was fully funded at June 30, 2011.
- d. Cash transfers shall be made to an electric improvement account until such account reaches a maximum balance of \$150,000. This account is restricted for paying for extraordinary maintenance costs, rentals, improvements, extensions or repairs to the system not included in the annual budget of revenues and current expenses, and bond principal and interest. This account was fully funded at June 30, 2011.

Information regarding the capitalized lease-purchase contract included in above total requirements is as follows:

The component, Greenfield Municipal Utilities, is the lessee of two generation units installed in its service territory under a capital lease expiring March 1, 2017. The cost of the assets acquired under this capital lease is \$1,982,548. This lease-purchase agreement is with lessor, South Iowa Municipal Electric Cooperative Association (SIMECA), in the principal amount of \$1,479,327, which is GMU's share of total revenue notes issued by lessor to fund the lease. Interest rates on the capitalized lease, which vary from 2.70 to 5.30 percent, are the same rates paid by lessor. GMU is required to deposit a monthly amount (currently \$11,620) sufficient to meet its share of the payments on the underlying debt, which payments are due semi-annually with future minimum payments as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 105,000	\$ 36,466	\$ 141,466
2013	110,000	31,322	141,322
2014	115,000	25,821	140,821
2015	120,000	19,957	139,957
2016	127,000	13,717	140,717
2017	133,000	7,049	140,049
Totals	<u>\$ 710,000</u>	<u>\$ 134,332</u>	<u>\$ 844,332</u>

NOTE 6 - PENSION AND RETIREMENT BENEFITS

The City, including its components, contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits as established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.50 percent of their annual covered salary and the City, including its components, is required to contribute 6.95 percent of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The City's contribution, including its components, to IPERS for the years ended June 30, 2011, 2010, and 2009, was \$68,564, \$62,630, and \$56,681, respectively, which met the required contributions for each year.

NOTE 7 - DEFERRED COMPENSATION PLAN

The City, together with its components, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The employee becomes eligible to withdraw funds upon termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in a third party trust for the exclusive benefit of participants and their beneficiaries.

NOTE 8 - COMPENSATED ABSENCES

City and component employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as expenditures by the City or by its components until used or paid. The approximate liability for vested compensated absences at June 30, 2011, based on rates of pay then in effect and primarily relating to the general fund and enterprise funds, is as follows:

	City	Library	GMU	Total
Vacation	\$14,582	\$ -	\$22,792	\$37,374
Sick Leave	56,671	8,381	56,644	121,696
Personal Time	1,171	-	2,665	3,836
Totals	<u>\$72,424</u>	<u>\$8,381</u>	<u>\$82,101</u>	<u>\$162,906</u>

NOTE 9 - INTERFUND TRANSFERS

The City pays GMU for utility services used and GMU makes a contribution payment to the City. For the year ended June 30, 2011, the City received payments of \$110,000 from the GMU Electric Department. Additionally, the GMU Water Department paid \$23,700 to the City, which includes funds for the purchase of mowers.

NOTE 9 - INTERFUND TRANSFERS (Continued)

Transfers generally move resources from the fund statutorily required to collect the resource to the fund which may statutorily disburse the resource. Details of all transfers among funds of the primary government and between the primary government and its components for the current year are as follows:

From City General Fund to Library	\$ 128,308
From City Employee Benefit Fund to City General Fund	162,043
From City LOS Tax Fund to Capital Projects Fund	171,215
From City Tax Increment Financing Fund to City Debt Service Fund	320,358
From City Road Use Tax Fund to City Capital Projects Fund	42,842
Primary Government and Library	<u>\$ 824,766</u>
From GMU Electric Operating to GMU Water Operating	234,423
From GMU Electric Operating to GMU Electric Grant Loan Fund	60,000
From GMU Electric Diesel Replacement to GMU Electric Bond Reserve	150,000
From GMU Electric Diesel Replacement to GMU Electric Operating	50,000
GMU Component	<u>\$ 494,423</u>

NOTE 10 - RISK MANAGEMENT

The City of Greenfield and its components are exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks, except for loss of infrastructure, are covered by the purchase of commercial insurance. The City or its components assume liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 - COMMITMENTS

The City and/or its components have the following commitments at June 30, 2011:

- A. The City has contracted with the Adair County Sanitary Disposal Commission for solid waste disposal. The contract provides for the rate to be the amount necessary to fund the City's proportionate share of the disposal commission's budgeted expenses and runs from inception, June 30, 1973, until terminated. For the year ended June 30, 2011, \$25,548 was paid pursuant to this agreement.
- B. The component, Greenfield Municipal Utilities, has a 40 year contract with Southern Iowa Rural Water Association (SIRWA) and a 10 year contract with the City of Fontanelle to provide for an agreed upon sale price potable water. The quantity provided to SIRWA and Fontanelle may be limited to 52,257,879 gallons and 20,000,000 gallons per year, respectively.
- C. Greenfield Municipal Utilities is one of twelve members of SIMECA (South Iowa Municipal Electric Cooperative Association). SIMECA is a member of Central Iowa Power Cooperative (CIPCO) and is party to a long-term (15.5 years) contract with CIPCO for the purchase and redistribution to its members' electric energy. There are no minimum payments required by this contract.

NOTE 11 - COMMITMENTS (Continued)

- D. The Water System has a contract in progress for the construction of a coffer dam. The remaining amount on that contract is \$26,329. SIRWA is making contributions-in-aid of construction to cover the total costs associated with the construction of the dam.
- E. The Electric Utility has pledged \$10,000 per year for five years to the Adair County Memorial Hospital Building Fund in order to support local economic development. As of June 30, 2011, \$20,000 was still outstanding on this commitment. No liability is recorded in the financial statements for this commitment.
- F. The Electric Utility also has a customer support agreement with Ziegler Power Systems for substation engines. This is a five year agreement which is effective from January 1, 2008 through December 31, 2012, at a cost of \$17,642.94 per year. As of June 30, 2011, \$35,285.70 was still outstanding on this commitment.
- G. The Electric Utility has entered into an agreement with Harold K Schulz Co relating to the diesel generation addition at the North Power Plant at a cost of \$469,267. Management anticipates the improvements to the generation plant will be operational during the next fiscal year. The costs have been financed with revenue bonds.

NOTE 12 - BUDGET OVERSPEND

City disbursements during the year ended June 30, 2011, exceed the amount budgeted for the Public Works by \$307,477, Debt Service by \$320,358, and for Business Type Activities by \$1,748,855.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 2, 2011, the date the financial statements were available to be issued, and believes that no events have occurred that require adjustment of, or disclosure in, the financial statements.

CITY OF GREENFIELD, IOWA

BUDGET INFORMATION

CITY OF GREENFIELD, IOWA

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

	Governmental		Proprietary		Net		Budgeted Amounts		Positive (Negative)	
	Funds	Actual	Funds	Actual	Actual		Original	Final	Variance, Final	To Net Actual
RECEIPTS:										
Property Tax	\$ 565,670	\$ -	\$ -	\$ -	\$ 565,670		\$ 556,369	\$ 556,369	\$ 9,301	
Tax Increment Financing Receipts	307,022	-	-	-	307,022		180,000	180,000	127,022	
Other City Taxes	191,693	-	-	-	191,693		154,958	154,958	36,735	
Licenses and Permits	8,712	-	-	-	8,712		6,600	6,600	2,112	
Use of Money (Interest) and Property	33,803	-	37,783	-	71,586		30,000	30,000	41,586	
Intergovernmental	222,230	-	-	-	222,230		202,475	202,475	19,755	
Charges for Services	77,624	4,412,978	-	-	4,490,602		4,834,120	4,834,120	(343,518)	
Special Assessments	21,069	-	-	-	21,069		16,000	16,000	5,069	
Miscellaneous	47,673	87,664	-	-	135,337		27,000	115,000	20,337	
Total Receipts	1,475,496	4,538,425	-	-	6,013,921		6,007,522	6,095,522	(81,601)	
DISBURSEMENTS:										
Public Safety	179,193	-	-	-	179,193		334,938	334,938	155,745	
Public Works	840,145	-	-	-	840,145		532,668	532,668	(307,477)	
Health and Social Services	-	-	-	-	-		500	500	500	
Culture and Recreation	251,756	-	-	-	251,756		266,551	266,551	14,795	
Community and Economic Development	157,314	-	-	-	157,314		258,803	258,803	101,489	
General Government	310,533	-	-	-	310,533		288,790	376,790	66,257	
Debt Service	320,358	-	-	-	320,358		-	-	(320,358)	
Capital Projects	-	-	-	-	-		-	-	-	
Business Type Activities	-	7,229,108	-	-	7,229,108		5,480,253	5,480,253	(1,748,855)	
Total Disbursements	2,059,299	7,229,108	-	-	9,288,407		7,162,503	7,250,503	(2,037,904)	
Excess of Receipts Over Disbursements	(583,803)	(2,690,683)	-	-	(3,274,486)		(1,154,981)	(1,154,981)	(2,119,505)	
OTHER FINANCING SOURCES (USES), NET										
Excess of Receipts and Other Financing	646,011	2,440,344	-	-	3,086,355		-	-	3,086,355	
Sources (Uses), Net Over Disbursements	62,208	(250,339)	-	-	(188,131)		(1,154,981)	(1,154,981)	966,850	
Balances - Beginning of Year	1,580,080	4,550,774	-	-	6,130,854		1,164,152	(570,848)	6,701,702	
Balances - End of Year	\$ 1,642,288	\$ 4,300,435	\$ -	\$ -	\$ 5,942,723		\$ 9,171	\$ (1,725,829)	\$ 7,668,552	

See Accompanying Note to Budgetary Comparison Schedule.

CITY OF GREENFIELD, IOWA

NOTE TO BUDGETARY COMPARISON SCHEDULE

In accordance with the Code of Iowa, the City Council annually adopts a cash basis budget, which includes the City's components, following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

The property tax calendar is as follows:

January 2	- Valuations set for ensuing levy
March 15	- Certified Budget to County Auditor
July 1	- Taxes levied are due and payable
October - April	- Taxes are delinquent and interest accrues at 1.5 percent a month from October 1 or April 1 to date of payment
	- County publishes tax sale certificate and interest accrues at 2 percent a month

Formal and legal budgetary control is based upon ten major classes of disbursements, known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program transactions.

Functional disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not by fund.

Appropriations lapse at the end of each year.

Actual and final budget expenditure amounts for components included in the budgetary comparison are as follows:

	Net Actual	Final Budget
Library, included as Culture and Recreation Function	\$ 134,802	\$ 126,626
Water Department Included as Business Type Activity	825,950	715,550
Electric Department Included as Business Type Activity	6,379,420	4,645,635

CITY OF GREENFIELD, IOWA

SUPPLEMENTARY INFORMATION

CITY OF GREENFIELD, IOWA

SCHEDULE OF INDEBTEDNESS
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

	Dates of Issue	Interest Rates	Amount Originally Issued	Balances Beginning of Year	Issued During the Year	Redeemed During the Year	Balances End of Year	Interest Paid	Interest Due and Unpaid
PRIMARY GOVERNMENT:									
General Obligation Debt -									
Public Square Improvement Bonds (Designated TIF)	12/15/2007	3.30-3.90%	2,470,000	\$ 2,185,000	\$ -	\$ 240,000	\$ 1,945,000	\$ 80,358	\$ -
Street Improvement Bonds Warren Cultural Center	3/30/11	1.10-2.75%	315,000	-	315,000	-	315,000	-	-
Bank Note (Designated TIF)	6/7/11	4.50%	150,000	-	150,000	-	150,000	-	-
Total Primary Government				<u>\$ 2,185,000</u>	<u>\$ 465,000</u>	<u>\$ 240,000</u>	<u>\$ 2,410,000</u>	<u>\$ 80,358</u>	<u>\$ -</u>
COMPONENT GOVERNMENT:									
Water General Obligation Debt -									
CIPCO Rural Economic Development Loan	6/10/2004	0.00%	200,000	\$ 80,000	\$ -	\$ 20,000	\$ 60,000	\$ -	\$ -
Loan from City	7/1/07	2.94%	369,409	355,093	-	36,870	318,223	10,441	-
				<u>\$ 435,093</u>	<u>\$ -</u>	<u>\$ 56,870</u>	<u>\$ 378,223</u>	<u>\$ 10,441</u>	<u>\$ -</u>
Electric Revenue Obligation Debt -									
Revenue Notes	5/1/2001	4.80-5.40%	1,400,000	\$ 1,235,000	\$ -	\$ 1,235,000	\$ -	\$ 32,343	\$ -
Refunding Notes	7/1/2003	2.70-3.20%	840,000	130,000	-	130,000	-	2,080	-
Revenue Bonds	11/15/06	4.00-4.60%	1,220,000	990,000	-	85,000	905,000	40,810	-
Refunding Notes A	06/09/10	1.60-3.25%	1,245,000	1,245,000	-	-	1,245,000	22,485	-
Revenue Notes B	09/13/10	2.25-3.90%	2,560,000	-	2,560,000	-	2,560,000	35,089	-
				<u>\$ 3,600,000</u>	<u>\$ 2,560,000</u>	<u>\$ 1,450,000</u>	<u>\$ 4,710,000</u>	<u>\$ 132,807</u>	<u>\$ -</u>
Electric Capitalized Lease - Purchase of Generation Units	3/1/02	2.70-5.30%	1,479,327	\$ 810,000	\$ -	\$ 100,000	\$ 710,000	\$ 41,217	\$ -
Total Component Government				<u>\$ 4,845,093</u>	<u>\$ 2,560,000</u>	<u>\$ 1,606,870</u>	<u>\$ 5,798,223</u>	<u>\$ 184,465</u>	<u>\$ -</u>

CITY OF GREENFIELD, IOWA

SCHEDULE OF BOND AND NOTE MATURITIES
PROPRIETARY FUNDS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

COMPONENT GOVERNMENT:

Date Issued Date Interest Payable Date Callable Due in Year Ending June 30,	General Obligation Debt						Total General Notes
	Water		Water				
	Interest Rate	Principal	Interest Rate	Principal	June 1, 2007 June 1		
		June 10, 2004 No Interest					
2012	-	\$ 20,000	2.94%	\$ 37,487	\$	57,487	
2013	-	20,000	2.94%	38,800		58,800	
2014	-	20,000	2.94%	40,081		60,081	
2015	-	-	2.94%	41,327		41,327	
2016	-	-	2.94%	43,255		43,255	
2017	-	-	2.94%	44,376		44,376	
2018	-	-	2.94%	46,191		46,191	
2019	-	-	2.94%	26,706		26,706	
2020	-	-	2.94%	-		-	
2021	-	-	2.94%	-		-	
2022	-	-	-	-		-	
Total Component Government		\$ 60,000		\$ 318,223	\$	378,223	
						(Continued)	

(Continued)

CITY OF GREENFIELD, IOWA

SCHEDULE OF BOND AND NOTE MATURITIES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

COMPONENT GOVERNMENT:									
Date Issued	Revenue Debt						Lease - Purchase		
	Electric		Electric A		Electric B		Electric		
	November 15, 2006 Sept. 1 and Mar. 1 September 1, 2013	Interest Rate	Principal	June 9, 2010 Sept. 1 and Mar. 1 September 1, 2014	Interest Rate	Principal	March 1, 2002 Sept. 1 and Mar. 1 Sept. 1 and Mar. 1	Interest Rate	Principal
Due in Year Ending June 30,									Total
	Rate	Principal	Rate	Principal	Rate	Principal	Rate	Principal	Revenue Notes
2012	4.00%	\$ 80,000	1.60%	\$ 195,000	-	\$ -	4.90%	\$ 105,000	\$ 437,487
2013	4.05%	80,000	2.00%	200,000	-	-	5.00%	110,000	448,800
2014	4.15%	80,000	2.30%	205,000	-	-	5.10%	115,000	460,081
2015	4.20%	90,000	2.60%	210,000	-	-	5.20%	120,000	461,327
2016	4.25%	70,000	3.00%	215,000	-	-	5.25%	127,000	455,255
2017	4.30%	75,000	3.25%	220,000	2.25%	220,000	5.30%	133,000	692,376
2018	4.40%	80,000	-	-	2.50%	175,000	-	-	301,191
2019	4.45%	80,000	-	-	2.70%	180,000	-	-	286,706
2020	4.50%	85,000	-	-	2.90%	185,000	-	-	270,000
2021	4.55%	90,000	-	-	3.10%	195,000	-	-	285,000
2022 and after	4.60%	95,000	-	-	3.10 to 3.90%	1,605,000	-	-	1,700,000
Total Component		\$ 905,000		\$ 1,245,000		\$ 2,560,000		\$ 710,000	\$ 5,798,223
Government									

CITY OF GREENFIELD, IOWA

**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST NINE YEARS ENDED JUNE 30,**

	2011	2010	2009	2008	2007
RECEIPTS:					
PRIMARY GOVERNMENT -					
Property Tax	\$ 565,670	\$ 563,344	\$ 557,282	\$ 515,896	\$ 541,790
TIF Revenues	307,022	287,602	259,513	206,200	195,133
Other City Taxes	191,693	149,798	192,068	167,996	162,127
Licenses and Permits	8,712	4,963	4,943	5,651	7,302
Use of Money (Interest) and Property	32,779	39,938	54,622	104,334	112,299
Intergovernmental	212,860	244,693	313,089	215,941	725,673
Charges for Services	76,614	67,035	58,112	44,525	47,390
Special Assessments	21,069	24,083	32,833	106,092	-
Miscellaneous	34,884	21,841	25,656	79,215	29,415
Totals	1,451,303	1,403,297	1,498,118	1,445,850	1,821,129
LIBRARY COMPONENT -					
Use of Money (Interest) and Property	1,024	586	742	1,432	2,081
Intergovernmental	9,370	10,698	9,847	9,980	9,018
Charges for Services	1,010	1,549	1,745	1,202	-
Miscellaneous	12,789	8,838	5,524	5,829	7,459
Totals	24,193	21,671	17,858	18,443	18,558
Total Government Receipts	<u>\$ 1,475,496</u>	<u>\$ 1,424,968</u>	<u>\$ 1,515,976</u>	<u>\$ 1,464,293</u>	<u>\$ 1,839,687</u>
DISBURSEMENTS:					
PRIMARY GOVERNMENT -					
Operating -					
Public Safety	\$ 179,193	\$ 192,716	\$ 413,688	\$ 172,870	\$ 210,538
Public Works	311,088	773,472	361,058	281,578	267,599
Culture and Recreation	116,954	91,051	101,663	93,386	87,398
Community and Economic Developm	157,314	15,009	19,080	17,555	18,055
General Government	310,533	341,092	255,540	260,166	265,553
Debt Service	320,358	230,000	105,000	50,190	64,709
Capital Projects	529,057	88,147	133,803	2,932,314	2,662,994
Totals	1,924,497	1,731,487	1,389,832	3,808,059	3,576,846
LIBRARY COMPONENT -					
Culture and Recreation	134,802	122,113	115,080	120,993	114,206
Total Government Disbursements	<u>\$ 2,059,299</u>	<u>\$ 1,853,600</u>	<u>\$ 1,504,912</u>	<u>\$ 3,929,052</u>	<u>\$ 3,691,052</u>

(Continued Across)

CITY OF GREENFIELD, IOWA

**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST NINE YEARS ENDED JUNE 30,**

	2006	2005	2004	2003
RECEIPTS:				
PRIMARY GOVERNMENT -				
Property Tax	\$ 586,508	\$ 469,793	\$ 508,575	\$ 508,953
TIF Revenues	156,844	125,951	52,981	53,915
Other City Taxes	41,747	6,792	7,685	7,334
Licenses and Permits	15,531	8,135	18,696	8,104
Use of Money (Interest) and Property	54,710	34,809	31,786	17,522
Intergovernmental	215,898	203,003	329,267	256,438
Charges for Services	53,719	50,071	61,192	57,231
Special Assessments	-	-	-	-
Miscellaneous	32,130	25,687	8,303	30,471
Totals	1,157,087	924,241	1,018,485	939,968
LIBRARY COMPONENT -				
Use of Money (Interest) and Property	1,269	516	422	492
Intergovernmental	9,002	8,629	10,789	10,812
Charges for Services	-	36	2,345	10
Miscellaneous	8,393	1,967	-	19,046
Totals	18,664	11,148	13,556	30,360
Total Government Receipts	<u>\$ 1,175,751</u>	<u>\$ 935,389</u>	<u>\$ 1,032,041</u>	<u>\$ 970,328</u>
DISBURSEMENTS:				
PRIMARY GOVERNMENT -				
Operating -				
Public Safety	\$ 173,259	\$ 208,209	\$ 181,499	\$ 204,223
Public Works	262,424	296,274	417,983	228,318
Culture and Recreation	112,134	108,943	102,669	131,484
Community and Economic Development	15,051	17,328	28,448	16,129
General Government	248,769	222,229	220,163	189,169
Debt Service	114,726	109,106	164,875	-
Capital Projects	765,230	-	-	152,599
Totals	1,691,593	962,089	1,115,637	921,922
LIBRARY COMPONENT -				
Culture and Recreation	116,574	98,449	107,137	100,028
Total Government Disbursements	<u>\$ 1,808,167</u>	<u>\$ 1,060,538</u>	<u>\$ 1,222,774</u>	<u>\$ 1,021,950</u>

Note - As GASB No. 34 was implemented for 2004, 2003 amounts may not be comparable.

CITY OF GREENFIELD, IOWA

OTHER REPORTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

City of Greenfield
Greenfield, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's financial statements listed in the table of contents and have issued our report thereon dated November 2, 2011. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with another comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Greenfield's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the City of Greenfield's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in Part 2 the accompanying Schedule of Findings as items 11-2A, 11-2B, and 11-2C that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Greenfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part 3, Item 11-3B, of the accompanying Schedule of Findings.

Comments involving statutory and the other legal matters about the City's operations for the year ended June 30, 2011, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audits were based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Greenfield and other parties to whom the City of Greenfield may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

O'DONNELL, FICENEC, WILLS & FERDIG, LLP

By  _____
Certified Public Accountant

November 2, 2011

CITY OF GREENFIELD, IOWA

SCHEDULE OF FINDINGS YEAR ENDED JUNE 30, 2011

PART 1: SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principals generally accepted in the United States of America.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) The audit disclosed no audit findings which are required to be reported in accordance with *Government Auditing Standards*.

PART 2: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

Significant Deficiencies:

- 11-2A **Cash Accounts** – A primary control procedure is the regular accurate reconciliation of all cash accounts and to timely record to the general ledger all corrections discovered by the reconciliation process. Even though the accounts were reconciled, the general ledger did not show the correct balance because of delays in recording corrections identified by the reconciliation process.

The City, Library, and Greenfield Municipal Utilities each use a pooled cash arrangement whereby each has their own checking, savings, and multiple certificates of deposit to manage cash. Each use self-balancing individual funds for accounting purposes to track how individual funds share in each cash pool. Although the City and Library reconciliations were correct, the Utilities' bank account reconciliations did not agree with the general ledger at June 30, 2011. The error was caused by erroneous dates on transactions, which caused the transactions to be recorded in the general ledger in a prior fiscal period, and by using the same reconciling item for more than one month instead of timely recording the necessary entry to the general ledger.

Recommendation - All cash accounts should be reconciled timely and corrections regularly recorded. We also recommend the governing board be provided a monthly cash report which shows the cash in each checking, savings or certificates of deposit held as cash in total and which also shows the amount of each fund's share in the total pooled cash for checking, savings and certificates of deposit. A procedure of attaching a completed reconciliation to the cash report provided the governing board should be considered. Further, alternating the reconciliations between two employees would increase the overall control and cause attention to problems in the reconciliations.

Response - This situation has improved from previous years and will continue to improve as more experience is acquired with a more comprehensive understanding of accounting procedures. Necessary corrections were identified but were not recorded to the general ledger.

Conclusion - Response accepted.

PART 2: FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

- 11-2B **Accurate Financial Reports** - Lack of having correct financial information can impact management's ability to maintain oversight of an organization. Critical areas such as financial analysis, budgetary control, cash flow, and compliance with various statutes can all be negatively impacted. Further, the lack of accurate management reports limits the control function of management oversight necessary with limited segregation of duties.

This problem was most evident for Greenfield Municipal Utilities but in all cases was caused by recording transactions to the wrong general ledger account or the wrong fund. Specifically, Utilities debt payments were made from the wrong fund. Also, the same SIMECA payment was erroneously recorded twice and payroll tax liabilities were over accrued. As a result, operating results for Utilities were misstated. City financial reports were more accurate for actual transactions, but budget information used in the financial reports did not agree with the adopted budgets in all line-item instances and one instance of a debt service transaction recorded to the wrong fund was noted.

Recommendation - All vendor payables, SIMECA payable, debt payments and other accruals should be reconciled regularly. This would identify misstatements caused by recording transactions to the wrong general ledger account. Other transactions that are just miscoded can be identified by critically reading the financial information before it is distributed to the governing boards. This may require changing some work flow procedures as well as adding procedures to prepare documentation work papers in order to make the proper monthly accounting accruals.

Response – An accounting clerk hired late last year is training and becoming more proficient with governmental accounting processes and procedures and with the accounting software. Management believes this situation will continue to improve as more experience is acquired with daily use of the accounting software and further knowledge is gained of the governmental environment as well as training for additional monthly procedures.

Conclusion - Response accepted.

- 11-2C **Prior Year Findings** - In the prior year, we also commented on the timeliness of bank account reconciliations, recording, timeliness of preparing financial statements, and accuracy of recording amounts to the correct general ledger accounts. These findings have improved during the current year.

Instances of Non-Compliance:

See Item 11-3B of Part 3 regarding budget overspends.

PART 3: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

- 11-3A **Official Depositories** - A resolution naming depositories for funds of the City, Library, and Greenfield Municipal Utilities has been approved by the City of Council or Boards of Trustees. The maximum deposit amounts stated in the resolution were not exceeded during the year. The depositories named and maximum deposit amounts authorized are as follows:

First National Bank	\$ 4,000,000
Union State Bank	4,000,000

- 11-3B **Certified Budget** - City disbursements during the year ended June 30, 2011, exceed the amount budgeted for the Debt Service by \$320,358, for Public Works by \$307,477 and the Business Type activities by \$1,748,855. The excess expenditures in debt service were budgeted as transfers from another fund to debt service but actual debt payment was from debt service. The excess expenditures in capital projects were the final expenses connected with the Street Improvement project approved and started in a previous year. A budgetary comparison schedule is available as a separate page in the supplementary section of this report.
- 11-3C **Clerks Report** - The City clerk did not file the clerk's report with the State Auditor by the December 1 due date. This in turn caused the state auditor to not adopt the proposed budget for 2011.
- 11-3C **Questionable Disbursements** - No expenditures that we believe would constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979, were discovered during our audit.
- 11-3D **Travel Expense** - No expenditures for travel expenses of spouses of officials or employees were discovered during our audit.
- 11-3E **Business Transactions** - No business transactions between officials of the City, Library, or Greenfield Municipal Utilities were discovered by our audit that were other than immaterial and met the guidelines of the Code of Iowa.
- 11-3F **Bond Coverage** - Surety bond coverage of officials and employees is in accordance with statutory provisions. However, we recommend the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations. A listing of Officials and bond coverage amounts is presented on a separate page in another section of this overall report.
- 11-3G **Minutes** - No transactions were found that we believe should have been approved in the minutes, but were not. The minutes were published within the 15 days required by Chapter 372.13(6) of the Code of Iowa. However, total receipts were not included in the minutes.